SECTION 4(3)(i).

Subject to the provisions of clause (c) of sub-section (1) of section 16, any income derived from property held under trust or other legal obligation wholly for religious or charitable purposes, in so far as such income is applied or accumulated for application to such religious or charitable purposes as relate to anything done within the taxable territories, and in the case of property so held in part only for such purposes, the income applied or finally set apart for application thereto:

Provided that such income shall be included in the total income -

(a) if it is applied to religious or charitable purposes without the taxable territories, but in the following cases, namely:-

(i) where the property is held under trust or other legal obligation created before the commencement of the Indian Income-tax (Amendment) Act, 1953 (XXV of 1953) and the income therefrom is applied to such purposes without the taxable territories; and

(ii) where the property is held under trust or other legal obligation created after such commencement, and the income therefrom is applied without the taxable territories to charitable purposes which tend to promote international welfare in which India is interested,

the Central Board of Revenue may, by general or special order, direct that it shall not be included in the total income;

(b) in the case of income derived from business carried on on behalf of a religious or charitable institution, unless the income is applied wholly for the purposes of the institution and either -

(i) the business is carried on in the course of the actual carrying out of a primary purpose of the institution; or

(ii) the work in connection with the business is mainly carried on by beneficiaries of the institution;

(c) if it is applied to purposes other than religious or charitable purposes or ceases to be accumulated or set apart for application thereto in which case it shall be deemed to be the income of the year in which it is so applied or ceases to be so accumulated or set apart.

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